AMENDED IN SENATE MAY 16, 2013

AMENDED IN SENATE MAY 7, 2013

AMENDED IN SENATE APRIL 24, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 52

Introduced by Senators Leno and Hill (Principal coauthor: Senator coauthors: Senators Correa and DeSaulnier)

(Principal coauthor: Assembly Member Fong)

(Coauthor: Senator Block)

(Coauthors: Senators Block, Hancock, and Wolk)

(Coauthors: Assembly Members Ammiano and Wieckowski)

December 20, 2012

An act to amend Sections 84505 and 85310 of, to add Sections84506.1, 84506.2, 84506.3, and 84506.4 to, to repeal Sections 84502, 84503, and 84504 of, and to repeal and add Sections 84501, 84506, 84506.5, 84507, 84508, and 84509 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 52, as amended, Leno. Political Reform Act of 1974: campaign disclosures.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. Existing law additionally imposes disclosure statement requirements with respect to advertisements supporting or opposing a

 $SB 52 \qquad \qquad -2-$

candidate or ballot measure paid for by donors making contributions of specified amounts or by independent expenditures and defines several terms and phrases for these purposes. Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

This bill would repeal and recast several definitions. The bill would repeal a committee identification requirement and the disclosure statement requirements relating to advertisements for or against any ballot measure paid for by any person whose cumulative contributions are \$50,000 and advertisements paid for by an independent expenditure. The bill would impose new disclosure statement requirements for political advertisements that are radio advertisements, prerecorded telephonic messages, television or video advertisements, or mass mailing or print advertisements that would require the identification of identifiable contributors, ballot measures, and other funding details, as specified. The bill would also require a committee, in prescribed circumstances, to establish and maintain a disclosure Internet Web site for the purpose of making a contribution disclosure statement. By introducing new disclosure requirements, the violation of which would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

Existing law requires a person who makes a payment or promise of payment totaling \$50,000 or more for a communication that identifies, but does not advocate the election or defeat of, a candidate for elective state office, and that is disseminated within 45 days of an election, to file a disclosure report with the Secretary of State.

This bill would reduce the payment threshold to \$10,000 and change the communication dissemination period to the period beginning 120 days before the primary or special election and ending on the date of the general or runoff election.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

-3-SB 52

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- SECTION 1. This act shall be known as the California Disclose 1 2 Act.
- 3 SEC. 2. Section 84501 of the Government Code is repealed.
- 4 SEC. 3. Section 84501 is added to the Government Code, to 5 read:
- 6 84501. For purposes of this article, the following terms have the following meanings:
 - (a) (1) "Advertisement" means a general public advertisement that is any of the following:
 - (A) Authorized and paid for by a person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot measure or ballot measures.
 - (B) An electioneering communication.
 - (C) An issue advocacy advertisement.
 - (2) "Advertisement" does not include a communication from an organization other than a political party to its members, a campaign button smaller than 10 inches in diameter, a bumper sticker smaller than 60 square inches, or other advertisement as determined by regulations of the Commission.
 - (b) "Cumulative contributions" means the cumulative amount of contributions received by a committee beginning 18 months prior to the date the committee made its first expenditure for a political advertisement or for the purpose of qualifying, supporting, or opposing a candidate for elective office or a ballot measure.
 - (c) "Disclosure Internet Web site" means a committee's Internet Web site for a specific campaign that discloses the top identifiable contributors to that committee for that campaign, as described in Section 84506.3.
- 28

8

9

10 11

12

13

14

15 16

17

18

19

20

21

22

23

24

25

26

- 29 (d) "Disclosure threshold" means ten thousand dollars (\$10,000) 30 in the case of a campaign regarding a statewide ballot measure or 31 a state candidate or in the case of a statewide issue advocacy
- 32 advertisement, or two thousand dollars (\$2,000) in the case of a
- 33 campaign regarding a local ballot measure or a local candidate or
- 34 in the case of a local issue advocacy advertisement.

SB 52 —4—

(e) "Electioneering communication" means a communication described in subdivision (a) of Section 85310.

- (f) "Identifiable contributor" means a person that is the original source of contributions received by a committee that cumulatively meet or exceed the disclosure threshold, notwithstanding the fact that the contributions were transferred, in whole or in part, through one or more other committees or persons.
- (g) "Issue advocacy advertisement" means an advertisement that clearly refers to and reflects a view on the subject matter, description, or name of a pending legislative action, administrative action, or one or more ballot measures and does any of the following:
- (1) Can only be reasonably interpreted as an appeal for the recipient of the advertisement to take action by contacting an employee or elected official of the state government or any local government or encouraging others to contact those persons.
- (2) Refers to a pending legislative action and is disseminated, broadcast, or otherwise communicated within 60 days of the end of the legislative session.
- (3) Refers to one or more ballot measures and is disseminated, broadcast, or otherwise communicated within 120 days of the election concerning that measure or measures.
- (h) "Political advertisement" means an advertisement, unless it is paid for by a candidate-controlled committee and is an advertisement relating to the candidate's own election and not for any other campaign.
 - SEC. 4. Section 84502 of the Government Code is repealed.
 - SEC. 5. Section 84503 of the Government Code is repealed.
- SEC. 6. Section 84504 of the Government Code is repealed.
- 30 SEC. 7. Section 84505 of the Government Code is amended to read:
 - 84505. In addition to the requirements of Sections 84506, 84506.1, 84506.2, 84506.3, 84506.4, and 84506.5, the committee placing the advertisement or persons acting in concert with that committee shall be prohibited from creating or using a noncandidate-controlled committee or a nonsponsored committee to avoid, or that results in the avoidance of, the disclosure of any individual, industry, business entity, controlled committee, or sponsored committee as a major funding source.
 - SEC. 8. Section 84506 of the Government Code is repealed.

—5— SB 52

SEC. 9. Section 84506 is added to the Government Code. to 2 read:

1

3

4

5

6

7

8

10

11

12

13

14

15

16 17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33 34

35

36

37

38

39

- 84506. (a) A political advertisement that is a radio advertisement or prerecorded telephonic message shall include a disclosure at the end of the advertisement read in a clearly spoken manner and in a pitch and tone substantially similar to the rest of the advertisement that reads as follows: "Top funders of this ad are [state names in descending order of identifiable contributors who have made the three largest cumulative contributions]. Paid for by [name of the committee that paid for the advertisement]."
- (b) If there are fewer than three identifiable contributors, the disclosure required by subdivision (a) shall be adjusted accordingly to disclose the qualifying identifiable contributors, if any.
- (c) If there is only one identifiable contributor or the advertisement lasts 15 seconds or less, the disclosure required by subdivision (a) shall be adjusted to read as follows: "Top funder of this ad is [state name of identifiable contributor who made the largest cumulative contributions]. Paid for by [name of the committee that paid for the advertisement]."
- (d) If there are no identifiable contributors or the committee that paid for the advertisement is the only identifiable contributor, it may replace the disclosure required by subdivision (a) with the following: "Paid for by [name of the committee that paid for the advertisement]."
- (e) If the advertisement names each of the identifiable contributors required to be named pursuant to subdivisions (a) to (c), inclusive, and identifies the speaker as speaking on behalf of them, it may replace the disclosure required by subdivision (a) with the following: "Paid for by [name of the committee that paid for the advertisement]."
- (f) The disclosures specified in subdivision (a) shall not be required if the committee paying for the political advertisement does not have cumulative contributions that meet or exceed the disclosure threshold.
- SEC. 10. Section 84506.1 is added to the Government Code, to read:
- 84506.1. (a) A political advertisement that is a television or video advertisement shall include a disclosure area with a solid black background on the entire bottom one-third of the television or video display screen at the beginning of the advertisement for

SB 52 -6-

a minimum of five seconds in the case of an advertisement that lasts 30 seconds or less or a minimum of 10 seconds in the case of an advertisement that lasts longer than 30 seconds. The disclosure area shall include all of the following:

- (1) The text "Top Funders of This Ad." The text shall be located at the top of the disclosure area and centered horizontally, shall be yellow in color in Arial equivalent font *type*, and the font *type* size shall be at least 4 percent of the height of the television or video display screen.
- (2) Immediately below the text described in paragraph (1), the names of the identifiable contributors who have made the three largest cumulative contributions. The identifiable contributors shall each be disclosed on a separate horizontal line, in descending order, beginning with the identifiable contributor who made the largest cumulative contributions on the first line. The name of each of the identifiable contributors shall be centered horizontally. The text shall be white in color in Arial Narrow equivalent—font type and the—font type size shall be at least 4 percent of the height of the television or video display screen.
- (3) The text "Funding Details At [insert Internet Web site address of the disclosure Internet Web site]." The text shall be yellow in color in Arial Narrow equivalent—font type and the—font type size shall be equivalent to 2.5 percent of the height of the television or video display screen. The text shall be left-aligned and located in a position that is 2.5 percent of the height of the television or video display screen away from the bottom left of the television or video display screen.
- (4) The text "Paid for by [name of the committee that paid for the advertisement]." The text shall be yellow in color in Arial Narrow equivalent—font type and the—font type size shall be equivalent to 2.5 percent of the height of the television or video display screen. The text shall be right-aligned and located in a position that is vertically 2.5 percent of the height of the television or video display screen away from the bottom right of the television or video display screen.
- (5) If there are fewer than three identifiable contributors, the disclosure required by this subdivision shall be adjusted accordingly to disclose only those that qualify as identifiable contributors, if any. If the committee does not have any identifiable

7 SB 52

contributors, the disclosure shall be adjusted to include the name of the committee in place of the names of identifiable contributors.

- (b) The disclosures described in subdivision (a) shall not be required if the committee paying for the political advertisement does not have cumulative contributions that meet or exceed the disclosure threshold.
- SEC. 11. Section 84506.2 is added to the Government Code, to read:
- 84506.2. (a) Except for slate mailers, a political advertisement that is a mass mailing or a print advertisement and that is 12 square inches or more in size shall include a disclosure area on the largest page of the mass mailing or print advertisement that satisfies all of the following:
- (1) The disclosure area shall have a solid white background so as to be easily legible, and shall be in a printed or drawn box on the bottom of the page that is set apart from any other printed matter. All text in the disclosure area shall be black in color.
- (2) The text "Top Funders of This Ad" shall be located at the top of the disclosure area and centered horizontally in the disclosure area. The text shall be in an Arial equivalent-font type with a-font type size of at least 12-point for advertisements smaller than 93 square inches and at least 14-point for advertisements that are equal to, or larger than, 93 square inches.
- (3) Immediately below the text described in paragraph (2) shall be the names of the identifiable contributors who have made the three largest cumulative contributions. The identifiable contributors shall each be disclosed on a separate horizontal line, in descending order, beginning with the identifiable contributor who made the largest cumulative contributions on the first line. The name of each of the identifiable contributors shall be centered horizontally in the disclosure area. The text shall identify each identifiable contributor in an Arial Narrow equivalent—font type with a—font type size of at least 10-point for advertisements smaller than 93 square inches and at least 12-point for advertisements that are equal to, or larger than, 93 square inches.
- (A) If the advertisement is 4 inches tall or less, it need only show the names of the identifiable contributors who have made the two largest cumulative contributions.
- (B) If the advertisement is 3 inches tall or less, it need only show the name of the identifiable contributor who made the largest

SB 52 -8-

cumulative contribution, and the text required by paragraph (2) may say "Top Funder of This Ad."

(4) Immediately below the text described in paragraph (3), the

- (4) Immediately below the text described in paragraph (3), the text "Funding Details At [insert Internet Web site address of the disclosure Internet Web site]." The text shall be in an Arial Narrow equivalent—font type with at least 10-point—font type size for advertisements smaller than 93 square inches and at least 12-point font type size for advertisements that are equal to, or larger than, 93 square inches. This text shall not be required if the advertisement is 5 inches tall or less.
- (5) The text "Paid for by [name of the committee that paid for the advertisement]." The text shall be located at the bottom of the disclosure area and shall be in an Arial Narrow equivalent—font type with at least 8-point—font type size for pages smaller than 8.5 inches and at least 10-point—font type size for pages that are equal to, or larger than, 8.5 inches by 11 inches.
- (6) If there are fewer than three identifiable contributors, the disclosure shall be adjusted accordingly to disclose the qualifying identifiable contributors, if any. If the committee does not have any identifiable contributors, the disclosure shall be adjusted to include the name of the committee in place of the names of identifiable contributors.
- (b) The disclosures described in subdivision (a) shall not be required if the committee paying for the political advertisement does not have cumulative contributions that meet or exceed the disclosure threshold.
- SEC. 12. Section 84506.3 is added to the Government Code, to read:
- 84506.3. A committee that has paid for political advertisements and that has received cumulative contributions that meet or exceed the disclosure threshold shall establish and maintain a disclosure Internet Web site. If the committee has an Internet Web site, that Internet Web site may also serve as the disclosure Internet Web site. The homepage of the disclosure Internet Web site and any landing pages that visitors are directed to on the disclosure Internet Web site and any other Internet Web sites maintained by the committee shall include a disclosure area that satisfies all of the following:
- (a) The disclosure area shall be at least 250 pixels wide and visible upon landing on the Internet Web site's homepage. The

9 SB 52

disclosure area shall have a white background and a border that is dark in color.

- (b) The disclosure area shall include the text "Top Funders of This Committee" located at the top of the disclosure area and centered horizontally in the disclosure area. The text shall be black in color in an Arial equivalent—font type and shall be at least 10-point—font type size.
- (c) Immediately below the text described in subdivision (b), the disclosure area shall include a list of the identifiable contributors who have made the 10 largest cumulative contributions to the committee. Each identifiable contributor shall be disclosed on a separate horizontal line, in descending order, beginning with the identifiable contributor who made the largest cumulative contributions on the first line. The text shall be black in color in an Arial Narrow equivalent type and shall be at least 9-point font type size.
- (d) (1) The disclosure area shall include a hyperlink to another page on the disclosure Internet Web site that lists all of the committee's identifiable contributors. The hyperlink shall be labeled "More funding info" and shall be a standard hyperlink centered at the bottom of the disclosure area that is displayed as blue underlined text in Arial equivalent type in at least 9-point font type size.
- (2) The hyperlinked page on the disclosure Internet Web site shall have a title that reads "Large Funders of this Committee." The linked page shall disclose each identifiable contributor of the committee on a separate horizontal line, in descending order, beginning with the identifiable contributor that had the largest cumulative contribution on the first line. Each line shall show the name of the identifiable contributor and the amount of its cumulative contributions, current within three business days. These disclosures shall be clear and shall be the only content on the page other than the disclosure Internet Web site's standard navigation features.
- (e) If there are fewer than 10 identifiable contributors, the disclosure area shall be adjusted accordingly to disclose the qualifying identifiable contributors, if any. If the committee does not have any identifiable contributors, the disclosure area shall be adjusted to include the name of the committee in place of the names of identifiable contributors.

SB 52 -10 -

(f) Every page of an Internet Web site maintained by a committee that has paid for political advertisements and that has cumulative contributions that meet or exceed the disclosure threshold shall include the statement "Paid for by [name of the committee that paid for the advertisement]" and any other identifying information specified by the Commission. The text shall have a solid white background so as to be easily legible, and shall be in a printed or drawn box on the bottom of the page that is set apart from any other printed matter. The text shall be black in color in an Arial Narrow equivalent type and shall be at least 8-point-font type size.

SEC. 13. Section 84506.4 is added to the Government Code, to read:

84506.4. The Commission—shall may promulgate regulations to require disclosures on all forms of political advertisements not covered by this article, including, but not limited to, electronic media advertisements and billboards. If feasible, the regulations shall require the listing of the name of the committee and as many of the three identifiable contributors that made the largest cumulative contributions as possible in a conspicuous manner. This disclosure area shall occupy no more than 10 percent of the advertisement. If the advertisement medium allows, the disclosure area shall contain a hyperlink to the disclosure Internet Web site.

SEC. 14. Section 84506.5 of the Government Code is repealed. SEC. 14.5.

SEC. 15. Section 84506.5 is added to the Government Code, to read:

84506.5. The Commission shall promulgate regulations to require disclosure of the name of the committee, if feasible, on all advertisements that are paid for by a candidate-controlled committee and that are advertisements relating to the candidate's own election and not for any other campaign.

SEC. 15.

SEC. 16. Section 84507 of the Government Code is repealed. SEC. 16. Section 84507 is added to the Government Code, to read:

84507. For purposes of a disclosure required by this article, the following shall also apply in the event that an identifiable contributor is a person who is an individual:

-11- SB 52

(a) If the committee receiving the cumulative contributions is supporting or opposing a candidate, the disclosure shall include the occupation and employer of the identifiable contributor in addition to the contributor's name. If the identifiable contributor is not employed, no occupation or employer shall be listed.

- (b) If the committee receiving the cumulative contributions is supporting or opposing a ballot measure, and the passage or defeat of the ballot measure directly benefits the employer of the identifiable contributor, the disclosure shall include the occupation and employer of the identifiable contributor in addition to the contributor's name.
- (c) If the employer of an identifiable contributor is also an identifiable contributor of that committee, the cumulative contributions of its employees shall be deemed to be cumulative contributions by the employer for purposes of determining which identifiable contributors shall be disclosed on an advertisement pursuant to this article. This subdivision does not apply to an employee whose cumulative contributions amount to more than 75 percent of the cumulative contributions of the employer.
- SEC. 17. Section 84508 of the Government Code is repealed. SEC. 18. Section 84508 is added to the Government Code, to read:
- 84508. (a) The disclosure of the name of an identifiable contributor required by this article need not include such legal terms as "incorporated," "committee," "political action committee," or "corporation," or their abbreviations, unless the term is part of the contributor's name in common usage or parlance. This section does not prevent a contributor from being disclosed by a name used in common usage or parlance, including, but not limited to, an abbreviation or acronym.
- (b) If this article requires the disclosure of the name of an identifiable contributor that is a sponsored committee, only the name of the committee's sponsoring organization shall be disclosed.
- (c) For a disclosure made pursuant to Sections 84506 to 84506.3, inclusive, the committee name listed need not include its economic or other special interests, nor the names of any major donors.
 - SEC. 19. Section 84509 of the Government Code is repealed.
- 39 SEC. 20. Section 84509 is added to the Government Code, to 40 read:

 $SB 52 \qquad -12-$

84509. If the order of the identifiable contributors required to be displayed in an advertisement pursuant to this article changes, the disclosure in the advertisement shall be updated as follows:

- (a) A television, radio, or other electronic media political advertisement shall be updated to reflect the new ordering of identifiable contributors within seven business days, or five business days if the change in the order of identifiable contributors occurs within 30 days of an election.
- (b) A print media advertisement, including nonelectronic billboards, shall be updated to reflect the new ordering of identifiable contributors prior to placing a new or modified order for additional printing of the advertisement.
- SEC. 21. Section 85310 of the Government Code is amended to read:
- 85310. (a) A person who makes a payment or a promise of payment totaling ten thousand dollars (\$10,000) or more for a communication that clearly identifies a candidate for elective office, but does not expressly advocate the election or defeat of the candidate, and that is disseminated, broadcast, or otherwise published during the period beginning 120 days before the primary or special election and ending on the date of the general or runoff election, shall file online or electronically with the Secretary of State a report disclosing the name of the person, address, occupation, and employer, and amount of the payment. The report shall be filed within 48 hours of making the payment or the promise to make the payment.
- (b) (1) Except as provided in paragraph (2), if a person has received a payment or a promise of a payment from other persons totaling five thousand dollars (\$5,000) or more for the purpose of making a communication described in subdivision (a), the person receiving the payments shall disclose on the report the name, address, occupation and employer, and date and amount received from the person.
- (2) A person who receives or is promised a payment that is otherwise reportable under paragraph (1) is not required to report the payment if the person is in the business of providing goods or services and receives or is promised the payment for the purpose of providing those goods or services.
- (c) A payment received by a person who makes a communication described in subdivision (a) is subject to the limits

—13 — SB 52

specified in subdivision (b) of Section 85303 if the communication is made at the behest of the clearly identified candidate.

SEC. 22. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIIIB of the California Constitution.

SEC. 23. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.

12

13

14